

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

DIGITAL MEDIA SOLUTIONS, LLC,) CASE NO. 1:19-cv-145
)
Plaintiff,) JUDGE DAN AARON POLSTER
)
v.) MAGISTRATE JUDGE
) THOMAS M. PARKER
SOUTH UNIVERSITY OF OHIO,)
LLC, *et. al.*,)
)
Defendants.)

**THIRD SUPPLEMENT TO FIRST RECEIVER REPORT
FINANCIAL REPORT**

Mark E. Dottore, the duly appointed and acting receiver for the Receivership Entities (the “**Receiver**”), hereby files this Third Supplement to his first Report (the “**First Report**”)¹ to provide financial information requested by the Court. In its Order of February 28, 2019, the Court requested “(a) a detailed plan, based on information currently known, for the funding of the operation of the receivership entities (including how the receiver plans to satisfy currently obligations for rent, student stipends, etc.) for the entities in the receivership; and (b) an explanation of how DCEH being on HCM2 impacts the receiver’s funding plan.” As and for this Report, the Receiver says as follows:

¹ Capitalized terms used but not defined in this motion shall have the meanings given to them in the Initial Receiver Order as modified by the Clarifying Order (collectively, the “**Receiver Order**”).

With this Court's approval, the Receiver plans to transition, close or teach out most of the Argosy campuses. Presently, the Receiver has received the following offers and opportunities:

- an offer from Dr. Evans, the original founder of Hawaii, for Hawaii;²
- Dr. Evans is also a possible acquisition partner for Phoenix;
- South University will act as a transfer partner for Online, Northern Virginia, and Atlanta;
- National Louis University will act as the teach out partner for Tampa; it will take every student in every program.
- Save Las Vegas has signed an offer to take the Arts Institutes Las Vegas campus (an Excluded Campus);
- There is an offer in final form awaiting execution for Arts Institute Pittsburgh (an Excluded Campus);

The Receiver is in negotiations with various teach out and transfer partners and will try to complete paperwork in the coming days. In addition, all campuses have conducted transfer fairs and students have had an opportunity to transfer their studies to new, qualified universities.

Once Argosy has transitioned and/or closed, the Receivership will complete the transactions involving AI Las Vegas, AI Pittsburgh, and Argosy Hawaii. Those

² Samoa is not a Title IV school; the location was never approved for Title IV funding. The location was added to Argosy University change in ownership (CIO) application in March 2017 but was not approved.

campuses will be funded by their new buyers. Other than those campuses, the Receivership will have no students in any of its Receivership Entities.

The Receivership will still have the DCEH responsibility to run the non-core, managed services for South University (“**South**”) and AI University (“**AI**”). Students will depend upon the DCEH receivership entity to provide services to their campuses. As long as South and AI continue to timely pay for the services provided to them, the Receivership can continue to operate in the black. Attached as Exhibit A is a detailed summary of the Receiver’s post-Argosy plan for operations.

Because DCEH will not have students, or receive any Title IV funding directly, it will not be placed on “heightened cash management” status. Rather, it will receive funding from South and AI. Therefore, HCM2 will have no impact on the Receiver’s post-Argosy funding plan.

Once closed, Argosy will leave behind substantial unpaid liabilities. Due to the termination of Title IV funding, the receivership estate is insolvent.

Date: March 7, 2019

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